

# **Persons with Developmental Disabilities Northeast Alberta Community Board**

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Financial Statements

March 31, 2002

PERSONS WITH DEVELOPMENTAL DISABILITIES

NORTHEAST ALBERTA COMMUNITY BOARD

FINANCIAL STATEMENTS

MARCH 31, 2002

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## AUDITOR'S REPORT

To the Members of the Board of Directors of the Persons with Developmental Disabilities  
Northeast Alberta Community Board and the Minister of Community Development

I have audited the statement of financial position of the Persons with Developmental Disabilities Northeast Alberta Community Board as at March 31, 2002 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities Northeast Alberta Community Board as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

I also report that, as described in Note 9, the Board made certain payments that did not comply with the *Persons with Developmental Disabilities Community Governance Act*.

Original Signed By Fred Dunn, CA  
Auditor General

Edmonton, Alberta  
May 27, 2002

**Persons with Developmental Disabilities  
 Northeast Alberta Community Board  
 Statement of Operations  
 For the year ended March 31, 2002  
 (in thousands)**

	<b>2002</b>		<b>2001</b>
	Budget	Actual	Actual
			(as restated Note 3)
<b>Revenue</b>			
Grant From Persons With Developmental Disabilities Provincial Board	\$ 17,930	\$ 17,740	\$ 16,238
Previous Year's Refund of Expenditures	-	75	129
	<u>17,930</u>	<u>17,815</u>	<u>16,367</u>
<b>Expenses - Directly Incurred (Schedule 1 and Note 2b)</b>			
Programs			
Community Living Supports	9,427	8,729	8,070
Employment Supports	1,416	1,648	1,308
Community Access Supports	3,100	2,909	2,703
Specialized Community Supports	381	418	345
Supports to Delivery System	3,462	3,765	3,218
Board Governance	144	141	126
	<u>17,930</u>	<u>17,610</u>	<u>15,770</u>
Valuation Adjustments			
Provision for Vacation Pay	-	(16)	13
	<u>17,930</u>	<u>17,594</u>	<u>15,783</u>
<b>Net Operating Results Before Transfer</b>	<u>-</u>	<u>221</u>	<u>584</u>
Transfer to Persons With Developmental Disabilities Provincial Board	-	-	(129)
<b>Net Operating Results</b>	<u>\$ -</u>	<u>\$ 221</u>	<u>\$ 455</u>

The accompanying notes and schedules are part of these financial statements.

**Persons with Developmental Disabilities  
 Northeast Alberta Community Board  
 Statement of Financial Position  
 As at March 31, 2002  
 (in thousands)**

	<b>2002</b>	<b>2001</b>
		( as restated Note 3)
<b>Assets</b>		
Cash	\$ 2,025	\$ 2,040
Accounts Receivable (Note 4)	14	1
Advances	5	5
	<u>\$ 2,044</u>	<u>\$ 2,046</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	<u>\$ 868</u>	<u>\$ 1,091</u>
<b>Net Assets</b>		
Net Assets, Beginning of Year	955	500
Net Operating Results	221	455
Net Assets, End of Year	<u>1,176</u>	<u>955</u>
	<u>\$ 2,044</u>	<u>\$ 2,046</u>

The accompanying notes and schedules are part of these financial statements.

**Persons with Developmental Disabilities  
 Northeast Alberta Community Board  
 Statement of Changes in Financial Position  
 For the year ended March 31, 2002  
 (in thousands)**

	<u>2002</u>	<u>2001</u>
		(as restated Note 3)
<b>Operating Transactions</b>		
Net Operating Results	\$ 221	\$ 455
Non Cash Items		
Provision for Vacation Pay	(16)	13
Decrease (Increase) in Accounts Receivable	( 13)	2,123
Decrease in Advances	-	( 4)
Increase (Decrease) in Accounts Payable and Accrued Liabilities(a)	(207)	100
<b>Cash Provided (Used) by Operating Transactions</b>	<u>(15)</u>	<u>2,687</u>
<b>Cash/ (Bank Overdraft), Beginning of Year</b>	<u>2,040</u>	<u>(647)</u>
<b>Cash/ (Bank Overdraft), End of Year</b>	<u>\$ 2,025</u>	<u>\$ 2,040</u>

(a) Net of provision for vacation pay.

The accompanying notes and schedules are part of these financial statements.

**Persons with Developmental Disabilities  
Northeast Alberta Community Board  
Notes to the Financial Statements  
For the year ended March 31, 2002  
(in thousands)**

**Note 1 Authority and Purpose**

The Persons with Developmental Disabilities Northeast Community Board (the Board) is a corporation that was established on October 30, 1997 by way of a Ministerial Order. The Board operates under the authority of the *Persons with Developmental Disabilities Community Governance Act* and the *Government Organization Act*.

Through advocacy and service, the Board helps adults with developmental disabilities to live, as independently as possible, within the community.

**Note 2 Summary of Significant Accounting Policies and Reporting Practices**

These financial statements are prepared in accordance with the following accounting policies that have been established by government. The Canadian Institute of Chartered Accountants is the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

**(a) Reporting Entity**

The reporting entity is the Board, which is part of the Ministry of Community Development and for which the Minister of Community Development is accountable. The financial statements of the Ministry provide a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

The Board is economically dependent upon the Provincial Board for its funding. This funding is allocated in a manner approved by the Minister.

**(b) Basis of Financial Reporting**

**Expenses**

Directly Incurred

Directly incurred expenses are those costs the Board has primary responsibility and accountability for, as reflected in the government's budget documents. Directly incurred expenses include:

- Amortization of capital assets.

## **Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**

- Valuations adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- The cost of salaries and wages and benefits related to employees assigned to the Board through an arrangement with the Department of Community Development are included in Manpower Expenses. Pension costs comprise the cost of employer contributions for current service of employees during the year.

### **Incurring by Others**

Services contributed by other entities in support of the Board operations are disclosed in Schedule 4.

Fees related to the audit of the March 31, 2002 financial statements have not been included in the Statement of Operations. Costs for this service have been estimated at \$24 (2001 - \$20).

### **Assets**

Financial assets of the Board include cash and financial claims, such as receivables from other organizations.

Capital assets of the Board are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$100 and the threshold for all other capital assets is \$5. All land is capitalized.

### **Liabilities**

Liabilities represent all financial claims payable by the Board at fiscal year end.

### **Net Assets (Liabilities)**

Net assets (liabilities) represents the difference between the value of assets held by the Board and its liabilities.

## **Note 3 Change in Accounting**

In the prior years, vacation liability of employees assigned to the Board was recorded as a liability in the financial statements of the Department of Community Development. In the current year this liability was transferred to the Board. This change has been applied retroactively. The effect of this change is to increase liabilities by \$91 (2001 - \$107).



**Note 4 Accounts Receivable**

	2002			2001
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 14	-	\$ 14	\$ 1

The current balance represents a GST receivable from the Federal Government of \$2 and \$12 for a current year expenditure refund receivable (2001 balance represents a GST receivable from the Federal Government of \$1).

Accounts receivable are unsecured and non-interest bearing.

**Note 5 Accounts Payable and Accrued Liabilities**

	2002	2001
Accounts Payable and Accrued Liabilities	\$ 868	\$ 1,091

The current balance represents accruals of \$16 for wages and benefits, \$32 for Contracted Services, \$8 for Board expenses, \$32 for administrative expenses, \$91 for vacation and \$689 for Individual Funding Agreements.

**Note 6 Valuation of Financial Assets and Liabilities**

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their book values.

**Note 7 Voluntary Contributions**

These financial statements do not include amounts relating to voluntary contributions received for materials and services.

## Note 8 Commitments

As at March 31, 2002, the Board has the following commitments:

	<u>2002</u>	<u>2001</u>
Service contracts (a)	\$ 7,179	\$ 6,836
Long-term leases (b)	<u>7</u>	<u>5</u>
	<u>\$ 7,186</u>	<u>\$ 6,841</u>

- (a) The actual amounts are dependent on the usage of service.
- (b) The Board leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2003	\$ 2
2004	1
2005	2
2006	1
2007	1
	<u>\$ 7</u>

## Note 9 Grandfathered Clients

When the *Persons with Developmental Disabilities Community Board Act* (the Act) was passed by the Alberta Legislature in 1997, the new legislation narrowed the service mandate from the previous disability supports program and established eligibility criteria. Certain individuals who were receiving services prior to the passing of the Act but who no longer met these new criteria for Persons with Developmental Disabilities (PDD) supports were grandfathered into the new PDD service system. In response to a recommendation from the *Building Better Bridges Report*, Government directed that PDD Boards continue providing services to grandfathered individuals until service responsibility is handed-off to a more appropriate provincial program. Accordingly, expenses related to the care of these individuals do not comply with the Act. The total cost of these services for 8 individuals that has been included in the Statement of Operations is estimated to be \$124 (2001 - \$84).

## Note 11 Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

## Note 12 Approval of Financial Statements

The financial statements were prepared by management and approved by the Board.

**Persons with Developmental Disabilities  
 Northeast Alberta Community Board  
 Expense Detailed by Object  
 For the year ended March 31, 2002  
 (in thousands)**

**Schedule 1**

	<u>2002</u>		<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Manpower Costs (a)	\$ 1,036	\$ 970	\$ 854
Supplies and Services	7,131	8,264	7,660
Grants	<u>9,763</u>	<u>8,376</u>	<u>7,256</u>
Total Expenses	<u>\$ 17,930</u>	<u>\$ 17,610</u>	<u>\$ 15,770</u>

(a) Manpower costs relate to employees seconded to the Board from the Department of Community Development and are not employees of the Board.

(b) The Board receives information technology, communications, financial and human resources services from an arrangement with the Alberta Corporate Service Centre.

**Persons with Developmental Disabilities  
 Northeast Alberta Community Board  
 Budget  
 For the year ended March 31, 2002  
 (in thousands)**

**Schedule 2**

	<b>2001 - 2002 Original Budget</b>	<b>Increases From Provincial Board</b>	<b>2001 - 2002 Current Allocation</b>
<b>Revenue</b>			
Grant from Persons with Developmental Disabilities Provincial Board	\$ 17,930	\$ (190)	\$ 17,740
<b>Expenses</b>			
Community Living Supports	9,427	(145)	9,282
Employment Supports	1,416	175	1,591
Community Access Supports	3,100	(304)	2,796
Specialized Community Supports	381	(28)	353
Supports to Delivery System	3,462	112	3,574
Board Governance	144		144
	<u>17,930</u>	<u>(190)</u>	<u>17,740</u>
<b>Net Operating Results</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

An interim budget was reported as part of the Government Estimates that were tabled in the Legislative Assembly of Alberta on May 31, 2002. As a result of changes in operational requirements that emerged during the fiscal year, the Provincial Board provided direction regarding changes in the level of funding to be allocated to the Northeast Alberta Community Board on October 11, 2001 and January 10, 2002. The 2001-2002 Current Allocation final result also includes a year-end transfer of Alberta Corporate Service Centre expenditures as approved by the Provincial Board CEO on April 4, 2002.

**Persons with Developmental Disabilities  
 Northeast Alberta Community Board  
 Disclosure of Payments to Executives  
 For the year ended March 31, 2002  
 (in thousands)**

**Schedule 3**

	2002			2001
	Salary/Honoraria	Benefits and Allowances	Total	Total
Chair of the Board (a)	\$ 27	\$ -	\$ 27	\$ 18
Board Members (7 members) (a)	\$ 63	\$ -	\$ 63	\$ 56
Chief Executive Officer (b)	\$ 93	\$ 14	\$ 107	\$ 112

- a. These amounts represent honoraria payments made to the Chair and Members of the Board
- b. These payments are made to the Chief Executive Officer under contract with the Department of Community Development. The Chief Executive Officer is assigned to the Board under an arrangement with the Department of Community Development.

Benefits and allowances include payments for pension, health care, dental and medical coverage, group life insurance, long and short term disability plans.

**Persons with Development Disabilities  
 Northeast Alberta Community Board  
 Allocated Costs  
 For the year ended March 31, 2002  
 (in thousands)**

**Schedule 4**

Program	2002				2001
	Expenses (1)	Expenses – Incurred by Others Accommodation Costs (2)	Vacation Pay (3)	Total Expenses	Total Expenses
Community Living Supports	\$ 8,729	\$ -	\$ -	\$ 8,729	\$ 8,070
Employment Supports	1,648	-	-	1,648	1,308
Community Access Supports	2,909	-	-	2,909	2,703
Specialized Community Supports	418	-	-	418	345
Supports to Delivery System	3,765	52	(16)	3,801	3,598
Board Governance	141	-	-	141	126
	<u>\$ 17,610</u>	<u>\$ 52</u>	<u>\$ (16)</u>	<u>\$ 17,646</u>	<u>\$ 16,150</u>

- 1) Expenses – Directly Incurred as per Statement of Operations
- 2) Costs shown for Accommodation (including grants in lieu taxes) per Schedule 5.
- 3) Provision for vacation pay has been allocated based on actual provision relating to the program.

**Persons with Development Disabilities  
 Northeast Alberta Community Board  
 Schedule of Related Party Transactions  
 For the year ended March 31, 2002  
 (in thousands)**

**Schedule 5**

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Board.

The Board and the employees assigned to it from the Ministry of Community Development paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Board had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	<u>Entities in the Ministry</u>		<u>Other Entities</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Revenues:				
Persons with Developmental Disabilities Provincial Board	\$ 17,740	\$ 16,238	\$ -	\$ -
Expenses:				
Persons with Developmental Disabilities Provincial Board	\$ -	\$ 129	\$ -	\$ -
Department of Government Services	-	-	249	-
Department of Infrastructure	-	-	24	-
Department of Finance	-	-	1	-
	\$ -	\$ 129	\$ 274	\$ -

	<u>Entities in the Ministry</u>		<u>Other Entities</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Expenses - Incurred by Others				
Department of Community Development	\$ -	\$ 329	\$ -	\$ -
Department of Infrastructure	-	-	62	51
	\$ -	\$ 329	\$ 62	\$ 51

